

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

SIGNATURE MEDIA SERVICES, INC., GREAT
LIFE NETWORK, INC., d/b/a INCITE.COM, MARK
B. BEEKSMA, and ERIK R. VAN ALSTINE,

Respondents.

SDO - 39A - 00

SUMMARY ORDER TO CEASE AND DESIST,
REVOKING EXEMPTIONS, AND NOTICE OF
INTENT TO IMPOSE FINES AND ORDER
AFFIRMATIVE RELIEF

Case No. 99 - 05 - 174

THE STATE OF WASHINGTON TO: SIGNATURE MEDIA SERVICES, INC.,
GREAT LIFE NETWORK, INC., d/b/a INCITE.COM,
MARK B. BEEKSMA, and
ERIK R. VAN ALSTINE.

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Signature Media Services, Inc., Great Life Network, Inc., d/b/a Incite.com, Mark B. Beeksma, and Erik R. Van Alstine, have each violated the Securities Act of Washington and that their violations justify the entry of an order against each by the Securities Administrator under RCW 21.20.390 to cease and desist from such violations, and RCW 21.20.325 withdrawing the availability of exemptions under RCW 21.20.320 to Respondents. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to investors and to the public, and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. Signature Media Services, Inc. (SMS) is an inactive Washington for-profit corporation. SMS did business at 1142 Broadway Plaza, Suite 100, Tacoma, Washington 98402. When active, SMS

provided integrated marketing, communications, and personal development services for the direct sales industry, property management industry, and retail consumers. SMS registered and did business under the trade name Incite.

2. Great Life Network, Inc. (GLN), formerly Incite.com, Inc., is an active Washington for-profit corporation with its principal place of business at 711 St. Helens Street, Tacoma, Washington 98402. GLN is primarily an Internet publisher and retailer promoting productive achievement and principle-centered living. GLN registered and does business under the trade name Incite.com.
3. Mark Bradley Beeksma (Beeksma) is currently the President, Secretary, and a Director of GLN, and was the President, Secretary, and a Director of SMS when it was operating. Respondent Beeksma is married to Diane L. Beeksma, and all acts done by him were done on behalf of the marital community. The Beeksmas reside at 9102 Lake Steilacoom Point Road SW, Tacoma, Washington 98498, and own approximately 44% of SMS and 45% of GLN.
4. Erik Robert Van Alstine (Van Alstine) is currently the Chief Executive Officer, Chairman of the Board of Directors, and a Director of GLN. Van Alstine was the Chief Executive Officer, Chairman of the Board of Directors, and a Director of SMS when it was operating. Respondent Van Alstine is married to Sandra D. Van Alstine, and all acts done by him were done on behalf of the marital community. The Van Alstines reside at 16808 132nd Avenue East, Puyallup, Washington 98374, and own approximately 44% of SMS and 39% of GLN.

II. Signature Media's Unregistered Offer and Sales of Securities

5. In 1990 Erik and Sandra Van Alstine founded Resident Services, the predecessor to SMS. The company was a sole proprietorship providing printing services to residential apartment communities. In 1994 Mark and Diane Beeksma joined the business, and on November 30, 1994, the two couples incorporated the firm as Signature Media Services, Inc.
6. Starting in 1995 SMS offered and/or sold to company insiders unregistered securities in the form of

1 stock in SMS. In 1996 SMS initiated an employee stock purchase program offering, issuing, and
2 selling to employees unregistered securities in the form of shares of stock in SMS. In 1997 SMS
3 made its first offers and sales of stock to outsiders. Sales were made to both accredited and non-
4 accredited investors inside and outside of Washington State. From October, 1997 through April,
5 1998, SMS raised more than \$725,000 from the offer and sale of SMS stock. Though there was no
6 market for the stock, nor any market-maker involved in the unregistered offering, SMS routinely
7 raised the share price approximately \$.25 cents a share every two weeks. The stock price rose from
8 \$7.75 in August, 1997 to \$17.00 in October, 1998.

- 9 7. On or about May 18, 1998, SMS mailed a letter signed by Beeksma to existing and potential
10 investors advising them that SMS would have to register its stock with the State of Washington, and
11 that sales of stock would have to stop between June 1 and July 9, 1998. Beeksma advised that
12 potential investors would have to invest quickly to avoid the share price increase that would occur
13 during this "no sales" period. In part as a result of this solicitation, SMS raised more than \$100,000
14 between May 21 and May 31, 1998.
- 15 8. During and after the SMS-declared "no sales" period, Beeksma, as President of SMS, sold securities
16 to investors in the form of promissory notes. The notes were due on demand and carried an interest
17 rate of 36.50 % annually. SMS raised more than \$50,000 in this manner. The promissory notes sold
18 during the "no sales" period were subsequently converted to stock purchases.
- 19 9. The offer and/or sales of unregistered SMS securities were accomplished primarily through word of
20 mouth. However, investor update letters soliciting referrals, promoting the stock, and projecting
21 returns for SMS were distributed to existing and potential investors. No written disclosures were
22 provided to any actual or potential investor.
- 23 10. Though the May 18 letter implied that sales could resume after July 9, 1998, the Securities Division
24 did not receive any registration or application for exemption from SMS to sell securities until August.

III. Signature Media's Rescission Offer

11. On August 19, 1998, the Securities Division received an application from SMS to register a rescission offering. SMS proposed to offer rescission to every purchaser of unregistered shares of SMS stock, hoping to avoid potential legal liability under RCW 21.20.430(4)(b) for its unregistered offer and sales in violation of RCW 21.20.140. After some changes were made to the offering circular, the Securities Division issued a permit for the rescission offering on September 9, 1998, and assigned the file number Q-03700. The permit was valid from September 9, 1998 to September 9, 1999. SMS was to send the offering circular to all existing shareholders. No other information could be sent to the investors unless it was first submitted to the Securities Division for review.
12. In addition to sending existing SMS shareholders the offering circular, SMS mailed the shareholders two letters, one just before, and one just after, mailing the offering circular. The first letter, dated August 24, 1998 and signed by Beeksma, provided 1998-99 sales projections and predicted profitability in the near future, claiming that SMS would net \$1 million in 1999. Beeksma also warned the shareholders of the forth coming offering circular, describing it as a worst case scenario legal document that was not a recommendation of whether investors should invest in SMS.
13. The second letter, dated September 16, 1998 and signed by both Beeksma and Van Alstine, featured an article about SMS that appeared in the Tacoma News Tribune. The article quotes Van Alstine discussing the growth rate of the company, claimed to be averaging 30% per quarter since 1994, and predicted growth in sales from \$4 million to \$12 million in the next year. The letter appeared designed to discourage shareholders from accepting rescission, reminding them of the great investment opportunity they had had with Signature Media Services, and expressing the hope that the article motivated them to stay with SMS. The letter goes on to thank shareholders for referring investors to SMS, and asks that they consider referring "five or more potential investors" to SMS.
14. Both letters were used in connection with the sale and promotion of the registered rescission offering. Neither letter was submitted to the Securities Division for review prior to mailing. Both

1 letters were inconsistent with the offering circular, contained deceptive and misleading statements,
2 and failed to disclose any of the risk factors required by the Securities Division and discussed in the
3 offering circular. One risk factor referred to the Independent Auditors' Report on Signature Media's
4 financial statement, which stated that there was substantial doubt about the company's ability to
5 continue as a going concern. The Auditors noted that SMS had suffered recurring losses from
6 operations and that its total liabilities exceeded assets by approximately \$1 million dollars.

- 7 15. On or about September 11, 1998, SMS mailed the rescission offering circular to all of the existing
8 SMS shareholders, and included a form for shareholders to accept or reject the offer to rescind their
9 stock purchase. If a shareholder elected to rescind, SMS promised to repay, within 30 days of
10 receipt of the election, the shareholder's principal plus 8% interest from the date of purchase. The
11 rescission offer was based on and disclosed Signature Media's illegal sale of unregistered stock, the
12 illegal employee stock purchase program, and the illegal failure to provide disclosure materials to
13 investors. The offering circular included a required audited financial statement that disclosed
14 approximately \$200,000 in liability for "notes payable," but did not otherwise disclose the
15 company's sale of the unregistered promissory notes.
- 16 16. Of the 94 shareholders who received the rescission offering, nine requested return of their
17 investment. Of the nine, three were insiders and six were outsiders. The three insiders were paid
18 off, in full, within a month of the date payment was due them. Of the six outsiders, one was paid off,
19 in full, before her payment was due. The other five shareholders were paid on or about March 27,
20 2000, more than a year after SMS promised to pay them.

21 **IV. Signature Media's Rule 505 Offer**

- 22 17. In November 1998, SMS filed a Form D Notice of Sale of Securities with the Securities Division to
23 sell stock to investors pursuant to the Securities Act of 1933, Regulation D, Rule 505 and WAC 460-
24 44A-505. That Notice of Sale was received and became effective on Monday, November 16, 1998,
25

1 and was assigned the number E-23192. SMS was required to file its Rule 505 Notice of Sale of
2 Securities no later than 15 days after the first sale of securities in the offering. The earliest date on
3 which SMS could legally sell under the Rule 505 offering was therefore Friday, October 30, 1998.
4 Any and all offers and/or sales of SMS stock and securities made in connection to the Rule 505
5 offering prior to that date were unregistered, and it appears that SMS did not otherwise qualify for an
6 exemption from such registration.

- 7 18. Like the offering circular for the rescission offering, the offering circular for the Rule 505 offering
8 described Signature Media's illegal sale of unregistered stock, the illegal employee stock purchase
9 program, and the illegal failure to provide disclosure materials to investors. The offering circular
10 described the rescission offering, and stated that the first priority for use of the proceeds of the
11 offering would be to pay the shareholders that requested the return of their investment under the
12 rescission offer.
- 13 19. The offering circular is dated October 21, 1998. By that date, SMS had already missed the deadline
14 for payment to three of the nine SMS shareholders that had accepted the rescission offer. That fact
15 was not disclosed in the offering circular. The offering circular failed to disclose the potential
16 liability for the deceptive and misleading letters mailed to SMS shareholders during the rescission
17 offering. The offering circular discloses approximately \$200,000 in liability for "notes payable," but
18 does not otherwise disclose the company's sale of unregistered promissory notes.
- 19 20. The first three outsider-shareholders to accept the rescission offer did so on September 15, 1998.
20 Under the terms of the offer, they were to be paid on or about October 20, 1998. Though SMS claims
21 to have raised more than \$285,000 during the last three days of October, 1998, those three-outsider
22 shareholders, plus two other outsiders, were not paid until March 2000. When they were paid, they
23 were paid from Beeksmas personal trust account, not from the proceeds of the Rule 505 offer.
- 24 21. SMS claimed in a letter from counsel accompanying its Notice of Sale that the first sales under the
25 Rule 505 offering were made October 30, 1998. Sales under the Rule 505 offering actually began

1 during the “no sales” period in June 1998. The offering circular does not disclose the sale of
2 securities more than 15 days before the Rule 505 filing with the Securities Division.

3 22. Rule 505 provides an exemption from registration for certain limited offerings. Under the terms of
4 the Rule 505 exemption, SMS may only sell only to accredited or “sophisticated” non-accredited
5 investors. A “sophisticated” non-accredited investor means an investor who “has such knowledge
6 and experience in financial and business matters that [he or she is] capable of evaluating the merits
7 and risks of the prospective investment, or the issuer reasonably believes immediately prior to
8 making any sale that such purchaser comes within this description.” SMS made sales under the
9 Rule 505 exemption to non-accredited investors who did not meet the definition of “sophisticated”
10 investors, and for whom the investment in SMS was entirely unsuitable. Issuers selling to non-
11 accredited investors under Rule 505 also must provide certain offering materials to the potential
12 investor a reasonable time before the sale. SMS failed to provide the offering materials to some non-
13 accredited investors until after the sale.

14 23. The Rule 505 offering circular disclosed that some of the proceeds of the offering would be used to
15 start a new division of SMS called Incite. The offering circular stated that Incite was to be a
16 personal development and educational program designed to inspire and promote greatness in
17 individuals. In describing the new division, the offering circular claims that “The Company,” SMS,
18 initially conceived the idea and had assembled the products and services to be offered for sale. SMS
19 planned to “launch” Incite in the fourth quarter of 1998, and it was projected to generate \$11 million
20 in revenue for SMS within the next three years. SMS had registered the trade name Incite with the
21 Department of Licensing on or about October 28, 1997.

22 24. On or about January 26, 1999, Beeksma wrote to one of the then still-unpaid SMS shareholders that
23 had accepted the rescission offer. Beeksma spoke about the progress of the new Incite division,
24 stating that “our business potential is getting very exciting with our new Internet division, Incite.”
25 Beeksma even went so far as to claim that the shareholder would regret her decision to rescind in

light of the potential of Incite. On February 3, 1999, Beeksma wrote to another unpaid shareholder, stating that SMS had been relying on new investors to launch Incite. SMS was using the proceeds from the Rule 505 offering to finance the creation of the new SMS Internet website, Incite.net.

25. On or about Friday, March 5, 1999, Van Alstine wrote a letter announcing the “initial phase of the Incite website.” Based on the claims made by Beeksma and Van Alstine, and the Rule 505 offering circular, it appeared SMS would soon begin generating income sufficient to repay the shareholders that had elected to rescind their investment. Instead, Beeksma and Van Alstine incorporated the SMS Incite Internet division as a completely separate legal entity that they controlled.
26. On May 21, 1999, Beeksma and Van Alstine incorporated Incite.com, Inc., as an independent corporation. On June 1, 1999, Incite.com, Inc. filed a trade name registration with the Department of Licensing for the name Incite.com. On August 5, 1999, Incite.com, Inc. filed a Certificate of Amendment with the Secretary of State changing its name to Great Life Network, Inc. The shareholders that had elected to rescind their investment have not been paid, and a significant asset of SMS has been transferred to another corporation controlled by Beeksma and Van Alstine. GLN has informed some SMS shareholders that their stock in SMS has been converted to stock in GLN.

V. Great Life Network’s Rule 506 Offer

27. In September, 1999, GLN filed a Form D Notice of Sale of Securities with the Securities Division to sell stock to investors pursuant to the Securities Act of 1933, Regulation D, Rule 506 and WAC 460-44A-506. The Notice of Sale was received and became effective on Monday, September 13, 1999, and was assigned number E-24382.
28. GLN’s Rule 506 offering circular claims that Erik Van Alstine guided Signature Media to an average four-year sales growth of 180% and 1998 sales of \$2.8 million. The offering circular claims that Mark Beeksma joined Van Alstine at Signature Media, and that together they built Signature Media into a successful company until leaving it to form Great Life Network. The offering circular does

1 not disclose that SMS never made a profit, left employees, creditors, and suppliers unpaid, and never
2 paid the shareholders who accepted rescission under the Rule 505 offering. The offering circular
3 fails to disclose the relationship between GLN and SMS, other than by stating that GLN “plans to
4 purchase” certain assets from SMS. The offering circular fails to disclose the prior registered and
5 unregistered offers and sales of securities by SMS, Beeksma, and Van Alstine, and fails to disclose
6 the potential liability of Van Alstine and Beeksma for those offerings.

7
8 The Securities Administrator finds that the continued offering of securities by Signature Media Services,
9 Inc., in the manner described in Tentative Finding of Fact 5 through 26, violates the anti-fraud provision of
10 RCW 21.20.010, and the continued availability of exemptions to SMS presents a threat to the investing public.

11
12 The Securities Administrator further finds that the continued offering of securities by Great Life Network,
13 Inc., in the manner described in Tentative Finding of Fact 27 through 28, violates the anti-fraud provision of
14 RCW 21.20.010, and the continued availability of exemptions to GLN presents a threat to the investing public.

15
16 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

17
18 **CONCLUSIONS OF LAW**

19
20 **Violation of RCW 21.20.140**

21 The offer and/or sale of SMS stock and promissory notes and GLN stock as described above constitutes the
22 offer and/or sale of a security as defined in RCW 21.20.005(10) and (12). The offer and/or sale of securities by
23 Respondents Signature Media Services, Inc., Great Life Network, Inc., Mark B. Beeksma, and Erik R. Van Alstine
24 violated RCW 21.20.140 because the offers and sales were made while no valid registration and no valid claim of
25 exemption for such offers and/or sales existed.

Violation of RCW21.20.010(2)

Respondents Signature Media Services, Inc., Great Life Network, Inc., Mark B. Beeksma, and Erik R. Van Alstine have each violated RCW 21.20.010(2) in connection with the offer and/or sale of securities by misrepresenting facts and omitting facts necessary in order to make their statements, in light of the circumstances in which they were made, not misleading.

Violation of RCW 21.20.010(3)

Respondents Signature Media Services, Inc., Mark B. Beeksma, and Erik R. Van Alstine have each violated RCW 21.20.010(3) in connection with the offer and/or sale of securities by failing to pay, in the time period allowed under the rescission permit and specified in the Rule 505 offer, five of the nine SMS shareholders who accepted rescission.

Respondents Signature Media Services, Inc., Great Life Network, Inc, Mark B. Beeksma, and Erik R. Van Alstine have each violated RCW 21.20.010(3) in connection with the offer and/or sale of securities by using proceeds from Signature Media's Rule 505 offering to finance Great Life Network, Inc., rather than in the manner specified in the Rule 505 offering circular.

Emergency

Based upon the foregoing, the Securities Administrator finds that an emergency exists, Respondents' continued violations of RCW 21.20.140 and RCW 21.20.010, and the availability of exemptions under RCW 21.20.320, constitute a threat to the investing public. The Securities Administrator further finds that summary orders to cease and desist from those violations, and summary withdrawal of the availability of the exemptions of RCW 21.20.320, are in the public interest and necessary for the protection of the investing public.

SUMMARY ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondents, their agents, and employees each cease and desist from offering and/or selling securities in violation of RCW 21.20.140, the registration section of the Securities Act of Washington.

It is further SUMMARILY ORDERED that Respondents, their agents, and employees each cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

It is further SUMMARILY ORDERED that based upon the foregoing violations of RCW 21.20.010 and the failure to comply with the exemption requirements of RCW 21.20.320, the exemptions available to Respondents under RCW 21.20.320(1), (9), (11) and (17) are hereby revoked for five (5) years from the date of this order.

It is further SUMMARILY ORDERED that offers and sales of securities under E- 23192 and E-24382 are hereby suspended.

NOTICE OF INTENT TO IMPOSE FINES

Based on the foregoing Tentative Findings of Fact and Conclusions of Law, the Securities Administrator finds that Respondents have knowingly and recklessly violated the registration and anti-fraud provisions of the Securities Act, and that the imposition of fines under RCW 21.20.395 is required in light of the number and severity of violations.

Signature Media Services, Inc.

A fine, in an amount not to exceed \$5,000.00 for each violation, should be imposed against Respondents Signature Media Services, Inc., Mark B. Beeksma, and Erik R. Van Alstine, jointly and severally, as follows:

Rescission Offering

For the knowing or reckless violation of the rescission permit and RCW 21.20.010, by failing to pay, in the time period allowed under the rescission permit and specified in the Rule 505 offer, five of the nine SMS shareholders who accepted rescission, and for failing to disclose the non-payment to three of those shareholders in the Rule 505 offering circular, a fine of \$10,000.00.

**NEED FOR AFFIRMATIVE RELIEF and
NOTICE OF INTENT TO ORDER AFFIRMATIVE RELIEF**

Based on the foregoing Tentative Findings of Fact and Conclusions of Law, the Securities Administrator finds that affirmative relief under RCW 21.20.390 is required to correct conditions resulting from the practices relating to the offer and/or sale of unregistered, registered, and/or exempt securities by Respondents. Respondents are hereby notified that the Securities Administrator intends to order appropriate affirmative relief. The affirmative relief sought should include the following provisions:

Signature Media Services, Inc.

Notice to SMS Investors

Respondent Signature Media Services, Inc. shall, within thirty (30) days of the entry of a final order in this matter, send by certified mail a copy of the final order or other pleading entered in this matter to all past and present Signature Media Services, Inc. investors, including but not limited to the shareholders and promissory note buyers. Respondent Signature Media Services, Inc. will provide the Securities Division with proof of mailing within sixty (60) days of the entry of a Final Order in this matter.

Great Life Network, Inc.

Notice to GLN Investors

Respondent Great Life Network, Inc. shall, within thirty (30) days of the entry of a final order in this matter, send by certified mail a copy of the final order or other pleading entered in this matter to all past and present Great Life Network, Inc. investors, including but not limited to shareholders. Respondent Great Life Network, Inc. will provide the Securities Division with proof of mailing within sixty (60) days of the entry of a Final Order in this matter.

AUTHORITY AND PROCEDURE

This Order is entered pursuant to the provisions of RCW 21.20.325 and RCW 21.20.390, and is subject to the provisions of Chapter 34.05 RCW. Respondents may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

If a respondent does not request a hearing, the Securities Administrator intends to adopt the Tentative Findings of Fact and Conclusions of Law set forth above as final as to that Respondent, make the Summary Order

1 to Cease and Desist permanent as to that Respondent, permanently order the fines and appropriate affirmative
2 relief described above, and exemptions under RCW 21.20.320 will be revoked as to that Respondent.

3 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

4 DATED this ____ day of April, 2000.

5
6 _____
7 DEBORAH R. BORTNER
8 Securities Administrator

9 Presented by:

10
11 _____
12 Anthony W. Carter
13 Securities Examiner

14 Approved by:

15
16 _____
17 Michael E. Stevenson
18 Chief of Compliance